LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6731 **NOTE PREPARED:** Jan 12, 2008
BILL NUMBER: SB 315 **BILL AMENDED:**

SUBJECT: Long Term Care Screening and Counseling.

FIRST AUTHOR: Sen. Dillon **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL **IMPACT:** State
DEDICATED
X FEDERAL

STATE IMPACT	FY 2008	FY 2009	FY 2010
State Revenues			
State Expenditures		1,200,000	1,200,000
Net Increase (Decrease)		(1,200,000)	(1,200,000)

Summary of Legislation: This bill requires the Division of Aging (Division) to follow a specified procedure before revoking the designation of an Area Agency on Aging from participating in a program funded by the federal Older Americans Act or the Community and Home Options to Institutional Care for the Elderly and Disabled Program (CHOICE).

The bill establishes the Long Term Care Screening and Counseling Program to assess certain factors in determining the appropriateness of an individual's admittance to a health facility. It also repeals a provision that disqualifies a person for assistance under the Medicaid program for the costs for a facility certified as a skilled health facility if an individual: (1) refuses to participate in a preadmission screening program; or (2) is told that the health facility placement is inappropriate; until the individual participates in the program and is notified that placement to provide skilled care is appropriate.

Effective Date: July 1, 2008.

Explanation of State Expenditures: *Summary:* This bill would eliminate a total of $3.3 M in estimated savings in the Medicaid program (both federal and state shares) to be realized as a result of the implementation of prior authorization for health facility admissions. The state General Fund share of the foregone savings is approximately $1.2 M.

Background: The bill provides a procedure the Division of Aging must follow in order to revoke an Area Agency on Aging's (AAA) designation as a participant in programs funded by the Older American's Act and the CHOICE program. The procedure requires the affected party be provided with a notice of intent and written documentation of the need for the revocation. The Division is required to consult with the AAA, service providers, and consumers, and to conduct a public hearing. The procedure includes an appeal process to the federal Administration on Aging for programs funded through the Older American's Act. The Division may incur additional expenses associated with conducting a public hearing. The required procedure is administrative in nature and if it would become necessary to revoke a AAA's designation under the Older American's Act or the CHOICE program, the Division should be able to accomplish the procedural tasks within its existing level of resources.

The bill removes a provision that would allow OMPP to require a Medicaid-eligible person being discharged from a hospital to a nursing facility to have prior approval from OMPP before being admitted to the nursing facility after June 30, 2008. Participation in the health facility Long Term Care Screening and Counseling Program would continue to be required. The prior authorization provision was enacted in SEA 208-2007 and was estimated to result in cost savings of $3 M as a result of increasing the number of diversions from avoidable nursing home admissions.

OMPP estimated that 10% of individuals who might otherwise be admitted to nursing facilities directly from a hospital could be diverted to home- and community-based services by requiring prior approval. OMPP estimated that if 81 individuals could be diverted, approximately $3.3 M of total nursing facility cost ($1.2 M state share) could be avoided in the Medicaid program. This estimate did not include the offsetting cost of home-care waiver services that would be provided for diverted individuals. However, by definition, waiver services may cost no more in the aggregate, than the placements in nursing facilities.

The bill creates the Long Term Care Screening and Counseling Program in place of the Nursing Facility Preadmission Screening Program. The bill specifies that the program consists of an assessment by the AAA of the individual's need for long-term care services, availability and costs of any needed services, and the cost effectiveness of providing appropriate services. If an individual is admitted to a health facility, the AAA is responsible for reviewing the placement within 60 days to determine the most appropriate prospective long-term care placement and services.

The bill further requires that before discharge from a hospital, instead of supplying the patient with a list of long-term care options that may be available, the hospital must refer the patient to the AAA to review care options. This provision could decrease the number of health facility admissions by diverting individuals to home and community-based services.

The CHOICE Program is a state program operated with 100% state General Funds.

The Medicaid program is jointly funded by the state and federal governments. The state share of program expenditures is approximately 38%. Medicaid medical services are matched by the federal match rate (FMAP) in Indiana at approximately 62%. Administrative expenditures with certain exceptions are matched at the federal rate of 50%.

Explanation of State Revenues: See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Division of Aging and OMPP, Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Family and Social Services Administration.

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